

Dear Executive Director:

Your housing authority's Fiscal Year 2006 Capital Fund Program funding package and a timeline which identifies key dates for processing of the Capital Fund are posted on the website:

<http://www.hud.gov/offices/pih/programs/ph/capfund/index.cfm>

The funding package includes a separate funding sheet and Annual Contributions Contract (ACC) Amendment for each grant that you are being provided. A PHA may have up to three different grants: (1) a formula grant; (2) a first increment Replacement Housing Factor (RHF) grant; and (3) a second increment RHF grant.

To clarify what is described in the Capital Fund Processing Notice PIH-2006-18 (HA), the Department initially will provide PHAs with 95 percent of the total Capital Funds available in FY 2006. The remainder of the Capital Funds will be distributed after the data on PHAS High Performers becomes available. The Capital Fund website will provide information on how and when the remainder of the formula funds will be distributed. You will also receive an email when these additional funds are available for distribution.

PHAs will be required to print the ACC Amendment for each of their grants from the HUD PIH website noted above. By signing the ACC Amendment the PHA is agreeing to comply with the Capital Fund Program statute i.e., Section 9(j) of the United States Housing Act of 1937, as amended, and the regulations including 24 CFR Parts 905, 968, and 941. The PHA is required to obligate 90 percent of this grant within 2 years of the date the funds are made available and to expend 100 percent of the grant within 4 years of the date the funds are made available. Failure to meet the obligation or expenditure deadlines will result in penalties and sanctions for the PHA. Since RHF grants are funded with the Capital Fund appropriation, these grants are also subject to the obligation and expenditure deadlines prescribed in Section 9(j) and 24 CFR 905.120.

Finally, if you have any questions or want additional information, please contact the Field Office staff in your jurisdiction. At the Headquarters level, you may contact Virginia Mathis or Regina McGill of the Office of Capital Improvements, at 202-708-1640.

Sincerely

/s/

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Orlando J. Cabrera  
Assistant Secretary